

~~SECRET~~C. REVIEW OF POSSIBLE CRITERIAL. Thermonuclear Warfare Concept

a. In the bilateral discussions held in London in September, the British (Wheeler and Gresswell from Defense, and Eden) indicated that the UK would propose that the Coordinating Committee (CC) consider adopting a common security export control list which would apply to the Communist Bloc as a whole, thus eliminating the China List differential. In addition, they further proposed that the criteria used in selecting those items which should be kept on the list should concentrate on preventing Soviet bloc build-up of thermonuclear weapons rather than being too concerned over conventional weapons; the rationale being that the Soviet bloc is practically self-sufficient with respect to conventional weapons anyway.

b. The present International Atomic Energy List presumably would meet most of the security requirements which the British have in mind. (Even for this highly strategic list the British have recently proposed "exceptions" and deletions, e.g., the fluorimeters, AE Item 21). It is obvious, however, that the present AE List does not provide adequate controls to prevent the Soviet thermonuclear war potential.

c. Electric power is one example of a vital requirement in the thermonuclear production. Therefore, all items essential to the production of electric power should be denied to the Bloc if a "thermonuclear criteria were to be effectively applied. Such control would be particularly appropriate, since it is known that Soviet atomic arms production, as well as its overall military capabilities, is now seriously hampered by a shortage of electric power and the means for increasing this production.

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d. Complex diffusion plants used in processing of uranium ore into fissionable material require electric energy measured, not in millions but in billions of kilowatt hours. Furthermore, the nuclear reactor will not begin to replace conventional means of electric power production until its total costs are more nearly competitive with the conventional methods. Present developments for production of electric power by a nuclear reactor point to military rather than peaceful uses.

e. A study of the existing security trade controls from the standpoint of their impact on electric power production reveals that controls over items essential to the production of electric energy cover only a very few of the many other major items involved.

(See Attachment 4; "Economic Defense - Electric Power Production".)

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C. Review of Possible Criteria (Continued)

5. Mobilization Base.

a. One method of evaluating present security controls is to relate them to a major industrial sector which is essential to war mobilization, in order to determine whether present controls are effective in preventing a Free World contribution to the industrial mobilization base in the Communist bloc. Two such studies have been completed: (1) The Aluminum Industry and (2) The Steel Industry. These reports reveal, for example, that in the Aluminum Industry only about 6.5% of the Soviets investment in the expansion of its aluminum industry is affected by present Free World security trade controls; less than 2% in the case of the Steel sector.

b. The report, "Project for Evaluating Coverage of Trade Controls and Revising Basis for Selection, Using Mobilization Approach," provides an explanation of the methodology used in the mobilization approach as a means for developing criteria for the selection of items which should be denied to the Bloc.

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